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Measuring child poverty: can we do better?

In June 2012 when the government published the *Households Below Average Income* dataset for 2010/11, it announced at the same time that it would revisit the question of how we measure child poverty in the UK. In November 2012, a public consultation on the topic was



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launched when the Department for Work and Pensions issued the document *Measuring Child Poverty: a consultation on better measures of child poverty*.¹ Yet this exercise raises some critical questions: is it really about measuring child poverty? Is it necessary? And would what the government proposes in its consultation document result in 'better' measures of child poverty?

Jonathan Bradshaw looks at the key aspects of the various dimensions that the government has selected for inclusion, assesses their appropriateness for inclusion in any metric of child poverty and presents the shortcomings of the proposed new measure.

Dimension one: income and material deprivation

The first dimension that the consultation highlights is income and material deprivation. While it is welcome that the document recognises the centrality of income and material deprivation to any definition of poverty, it then falls down significantly on the details.

To start, it sets up a false choice between the relative and absolute (consistent) income measures, both of which are useful in their own ways. One is related to current incomes and the other is related to income fixed at a point in time. Together they provide us with critical information about the living standards of certain groups over time.

The document makes only fleeting reference to the critically important measure of material deprivation, and to the two key multidimensional measures of poverty we already track that include income and deprivation. There is a strong case for continuing to use overlapping measures of poverty and deprivation: there are households who are income poor but not deprived – because current income does not capture their command over resources (from savings, gifts, borrowing, assets) – and there are households who are not income poor but nevertheless deprived – again, because current income does not capture their command over resources (impact of debts or high expenses) or through choice.

The consultation then goes on to ask 'How can an income dimension in a multidimensional measure of child poverty avoid the drawbacks associated with a simple income threshold?' In doing so, it fails to recognise that *Households Below Average Income* (HBAI) does not use a 'simple income threshold'. Instead, it presents poverty risks and composition using a variety of thresholds. It also ignores the fact that all poverty measures need a threshold – simple or otherwise.

We are also asked about how the ownership of assets, such as a house, should affect our understanding of poverty, but again with no reference to the fact that we already utilise 'before'

and 'after housing costs' measures, both of which are useful. That said, the after housing costs income measure does not fully capture the effect of home ownership assets on standards of living, or the longer term potential living standards, of households. Measures of 'housing income' proposed by Stephens would reflect this effect and the tenure differences referred to above.²

Finally, given that the consultation claims to want to capture the severity of poverty, it is surprising that no mention is made of measuring child poverty gaps. This is a measure of how far the incomes of households in poverty are below the poverty threshold. Gaps may be increasing or reducing at a time when rates are static; it is important to know whether this is the case and moves to measure gaps would be welcome.

Dimension two: worklessness

Being in a workless household is associated with higher risks of being in poverty. However, a majority of children in poverty live in a household in which at least one adult is in work and this proportion has been rising sharply over the last 10 years (HBAI series). Defining poverty in terms of worklessness therefore makes no sense. The level of worklessness may be a useful background or contextual measure, but it should not be part of a measure of child poverty. That should focus on resources and on consumption (deprivation).

Moreover, even for a background measure, the simple category of worklessness is not sufficient. Moving out of the 'workless' category is clearly not enough to remove risks of poverty. Simply comparing the risks of being in poverty for 'workless' and 'working' households is extremely misleading. The latter group includes people who have completely different economic characteristics (skills and work experience). The useful comparison is between people in 'workless' households and those with similar skills/experience who are in work. That kind of comparison would show that risks of being in poverty do not diminish by nearly as much with a move from 'workless' to 'working'. The focus of the measure therefore needs to be not just on quantity of work (workless/working) but also on quality, particularly in terms of pay and hours or conditions of work.

One useful indicator on pay would be the proportion of children in 'low-pay' households. This could be measured in terms of the proportion of children in households earning below the living wage, for example. One of the benefits of the living wage is that it enables households to earn

a reasonable income without having to work excessive hours, helping parents to balance work and family pressures.

For parents, requirements to work irregular or anti-social hours may be particularly difficult to reconcile with the demands on them as parents. A further useful indicator would be proportions of children in households in which parents work irregular or anti-social hours (very early starts, evening, nights or weekend working).

Dimension three: unmanageable debt

Broadly, unmanageable debt is one possible outcome of low income but it is not a direct measure of child poverty. Problem debt is often a product of poverty, because households have to make unpalatable choices about which deprivations to suffer, and running up debt may seem less unpalatable than seeing children go without food, clothes and the like. Such debt often also results from unforeseen changes of circumstances, such as illness, job loss or relationship breakdown, or from adverse circumstances persisting for longer than expected.

Problem debt is compounded by the limited credit options available to poor and credit-impaired households, including doorstep and illegal lenders charging usurious interest rates. While some debts may reflect unwise decisions by households, these may be compounded by the irresponsible practices of unregulated or under-regulated lenders.

So, debt needs to be seen as a possible outcome of child poverty, not a measure of child poverty. What matters is whether a child is deprived and a deprivation index does that job better than debt at picking this up.

Dimension four: poor housing

Poor housing is not a direct measure of child poverty. Children in poverty may live in poor housing (damp, cold, overcrowded housing) or be homeless. But many poor children do not. Indeed, housing in UK has been arguably the saving grace of our welfare state – the one element that mitigates poverty, mainly through the role of public/social housing (although the gradual shift towards a more market-based system combined with the restrictions in housing benefit/allowances could change this).

Some of the most basic elements of decent housing are regarded as necessities by nearly all adults in Britain (for example, 94–95 per cent in the case of 'heating to living areas' and a 'damp-free home'³) and some of these are picked up in the HBAI deprivation index ('decent

Defining poverty in terms of worklessness therefore makes no sense

state of repair'; 'warm enough'; 'enough bedrooms'; 'outdoor space for children to play'). This suggests that use of the material deprivation index alongside low-income poverty is necessary in order to capture families experiencing housing deprivation.

Also, housing indicators have been explored in the analysis of poverty across Europe using SILC data. These show that poverty and housing affordability pressures are associated with greater levels of material deprivation and financial stress, although there is not the same relationship with housing need measures. At a comparative level, overcrowding is not a good indicator of poverty because in the newer European Union countries the majority of poor children live in rural areas with less overcrowded households. Conversely, crowding, sharing and affordability problems with housing may be most concentrated in the major cities, where economic opportunities are greater – London being the obvious UK example.

So, again, poor housing is associated with poverty, but it is not a measure of child poverty as such. Poor housing represents forms of deprivation which can impact adversely on child development and wellbeing, including health and educational achievement, and as such deserves a place in wider material deprivation measures to complement income-based measures of poverty. To the extent that poor housing is less correlated with poverty than some other material deprivations (as suggested above, particularly for Britain), there is a stronger case for explicitly including it in any wider measure of material deprivation.

Dimension five: parental skill level

What the term 'parental skills' means is subject to some confusion in the government's consultation. Generally, parental skill appears to describe the level of education and employability of a child's parent but, in some places, it is used to refer to 'parenting style and skill'.⁴ It is worth noting that the decision not to include parenting style and skills as a measure of poverty is the correct one, in large part because an association between parenting style and poverty has not been established.

It is preferable, then, to refer to this dimension as 'parental employability' – that is, concerned with engagement in paid employment. While this sense of parental skill may be associated with poverty, it is not a measure of poverty in itself. What would be useful to measure is individual educational qualifications, skills and work experience, and the amount and standard of

paid work available (number of jobs, pay level, hours of work) within a commutable region, and examine this in relation to levels of employment and measures of poverty.

Dimension six: access to quality education

Again, although low educational attainment is associated with child poverty, it is not a direct measure of child poverty. Much evidence on the determinants of educational attainment shows that the strongest systematic predictors are the socio-economic background of child's family – poverty and factors associated with it, such as parental occupation and qualifications, housing tenure and so forth. And while access to good quality pre-school childcare may mitigate child poverty, it is probably not as successful as increasing family incomes.⁵

The consultation asks what impact does attending a failing school have on a child's experience of poverty? There is evidence that concentrations of poverty within a school can damage the educational attainment of pupils there, over and beyond the effects of individual household-level poverty.

Moreover, the term 'failing school' is less than helpful. A school may have characteristics such as below acceptable levels of exam success, under-subscription or perceived behavioural problems but have an excellent head and staff. It is the lack of extra resources (even with the pupil premium) to compensate for the disadvantages experienced by its pupils that is problematic, not the school itself.

Finally, assessing the quality of schools is tricky: it can be assessed only very indirectly using SATS data at a spatial level and then linked via postcodes. There are choices to be made about whether the school attainment data should be raw data or adjusted contextual value-added measures, which come closer to measuring the contribution of the school as opposed to the effects of background poverty and family background.

Dimension seven: family stability

The consultation asks how important family stability is as a dimension in a future multidimensional measure of child poverty and the simple answer is not at all. As with some of the other dimensions, it is also not clear what is meant by the term 'family stability'. Perhaps what is being suggested here is family structure, but this would be an incorrect avenue to pursue. While there is a higher risk of child poverty in lone-parent and cohabiting families, this is a function

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of our social policy in the UK – it is not inevitable, and some other countries avoid this association.

The questions also focus our attention on the presence of a father to a child's experience of poverty and life chances, without specifying what is meant by father absence/presence. Fathers who are not co-resident on a permanent basis with their children are not necessarily absent from their children's lives. Any evidence for the importance of fathers in relation to children's experience of poverty is likely to be due to fathers' contribution to household income and resources; this would therefore be captured by measures of income and employment history.

Again, family stability is not a measure of child poverty and neither is family structure. Most poor children live in two-parent families.

Dimension eight: parental health

Parental disability is associated with child poverty to some extent: parents with disabilities of various kinds, including mental health problems as well as physical disabilities, are more likely to be poor than those without such disabilities as a result of the increased costs associated with disability compared with income from either benefits or paid work. However, this is not a strong association in that the large majority of poor children do not have a disabled parent. As such, it is not a particularly useful indicator and should not be used.

It is altogether too simplistic to use data on mental distress or substance use among parents as an indicator of child poverty – parents with poor mental health or problems with substance use are not necessarily poor parents or parenting in poverty. There is an oversimplification and slippage here between the idea that children in households with parents with such problems will be poor that results in an individualising and blaming culture.

A small number of children, however, who have disabled parent or one suffering from mental ill-health, may end up acting as carer for the parent or for siblings, and this may impact on their wellbeing and educational performance.

Conclusions

We are told in the consultation that there is an 'urgent need to rethink our approach to measuring child poverty' but as the above analysis shows, what the government proposes to measure through its new multidimensional indicator is a ragbag of risks, correlates and consequences of poverty rather than poverty itself. In the process, it is ignoring more than four decades

of progress with poverty measurement that has resulted in a number of robust poverty measures captured in the Child Poverty Act 2010.

This consultation document ends by asking what we would use a multidimensional measure of child poverty for. Good question! In fact, we already have a very good portfolio of child poverty measures which could be usefully supplemented through measures such as the poverty gap, measures of housing and quality of jobs. But the conceptual basis of the dimensions proposed in the consultation is so confused, it is very difficult to know what such a measure will achieve, or indeed, how it could be used to any good effect. ■

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1 *Measuring Child Poverty: a consultation on better measures of child poverty*, DWP, Cm 8483, 2012

2 M Stephen and G van Steen, 'Housing Poverty and Income Poverty in England and the Netherlands', *Housing Studies* 26 (7–8), pp1035–37

3 D Gordon and others, *Poverty and Social Exclusion in Britain*, Joseph Rowntree Foundation, 2000

4 See note 1, p33

5 J Bradshaw, 'Does cash or services have the biggest impact on child poverty', *New Statesman* blog, 2012 <http://www.newstatesman.com/blogs/economics/2012/06/does-cash-or-services-have-biggest-impact-child-poverty>